



Coconino County
Finance Department
Directors of Special Initiatives
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August 3, 2007

Dear Hashknife Trail County Improvement District Member,

As was noted at your recent meeting, the District Engineer was asked to update the cost estimate for the project since the estimate was over one year old and prices for construction and materials continue to rise significantly. Attached is the revised estimate, which shows a total cost of \$381,215 (cost from May 2006 was \$325,953). As expected and communicated at our meeting with Justin Murphy and Jon Rozelle, the total cost has risen 15% and the construction component of the cost has risen 22%.

Based on feedback from Jon and the new cost estimate, we revised the assessment calculations. The new assessment calculations include a capped cost at \$25,000 for the Vankats and the addition of one parcel (for a total of fourteen parcels now to reflect the split by Despain). The new assessment calculations are attached for your review.

It is important to note several critical caveats that go with district cost estimates.

- 1) This is the cost estimate that will be used to go to bid if the district members provide all rights-of-way documents and then the board proceeds with the resolution of intention to spend district funds within the next six months. Costs are continuing to rise so if delays continue then the estimate may need to be revised if the district does not go to bid until next year.
- 2) If the district goes out to bid and the bids come in over the estimate (which has occurred on many occasions), then we will come back to the district to determine the next step. Generally the estimate is revised upward and the district goes back out to bid.
- 3) If prepayments to do NOT lower the total cost to under \$300,000, then the district must go to a third party for financing. Third party financing requires that a reserve fund be established, which generally is approximately 10% of the total cost.

These points have been communicated before but I wanted to be sure to cover them for the new property owners.

If the district members elect to move forward under the new cost, then the next step is to secure the rights-of-way. After securing the rights-of-way (ROWs), the ROWs, plans and cost estimate will be forwarded to the Board of Directors who will then consider the Resolution of Intention (ROI), which allows the district to expend funds. If the ROI is approved, then the district will be notified of the proposed expenditure and you will have 20 days to comment. If no opposing comments are received, then the Board of Directors will conduct a hearing and consider the Resolution Ordering the Work, which allows the district to solicit construction bids. An outline of the remaining process steps is attached. The most optimal time to go out to

bid is November/December timeframe. Therefore the process to secure the ROWs must take place very quickly considering the timeframes needed by state law for the board processes.

Please feel free to contact me at 928-779-6576 or landreani@coconino.az.gov if you have any questions. I will also email out this info. If you do not receive an email and would like to receive emails, then please call Eslir at 928-679-7176 and he can add you to the email list. I will follow-up directly with Jon and Justin on next steps.

Sincerely,

Lucinda Andreani
Director of Special Initiatives

CC: Supervisor Carl Taylor